

Michael J. Connolly, Esq.
FORMAN, HOLT, ELIADES & RAVIN, LLC
80 Route 4 East, Suite 290
Paramus, NJ 07652
(201) 845-1000
(201) 845-9112
mconnolly@formanlaw.com
Attorneys for Alleged Debtor

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X

In Re:

LESSNO, LLC,

Alleged Debtor.

-----X

Case No. 09-44979 (ESS)

Involuntary Chapter 7 Proceeding

ALLEGED DEBTOR'S RESPONSE TO MOTION TO COMPEL DISCOVERY

Lessno, LLC ("Lessno"), the Alleged Debtor, through its undersigned counsel, in response to the Petitioner's Motion to Compel Discovery states as follows:

1. Lessno was served with discovery requests. Lessno agreed to produce the discovery. Lessno provided copies of most of the discovery to the Petitioners. Lessno also advised the Petitioners that it possessed additional sensitive information such as bank account, payables, financial statements and payroll information that it wished to keep confidential. Petitioners refused to agree to Lessno's requests to keep the materials confidential. Nevertheless, despite significant apprehension as to Petitioners' good faith and refusal to honor Lessno's confidentiality demands, Lessno allowed the Petitioners to review and inspect substantially all of the information during the mediation process in the presence of the mediator, Retired Justice Herman Cahn. Those documents remain in Judge Cahn's possession. Judge Cahn proffered a standard form Confidentiality

Agreement for the parties to sign. Lessno agreed to sign the Confidentiality Agreement. Petitioners refuse to sign the document.

2. Lessno disagrees with the Petitioners' assertion that the mediation was unsuccessful "in part because the petitioners could not fairly determine their position." First, Petitioner Mario Sotirov is a former Officer of Lessno and is well aware of Lessno's operations and affairs. Second, Petitioners were given ample opportunity to review the bulk of the confidential materials during the mediation. Third, despite claiming not to know Lessno's "position", Petitioners make arguments about Lessno's "position" in the very same motion! Finally, the mediation took place over two full days with the exchange of various proposals and counter-proposals between the parties.

3. Lessno remains ready, willing and able to provide the balance of the discovery provided that the Confidentiality Agreement is executed. The form of the agreement is standard and was proffered by a neutral mediator. Petitioners continue to refuse to proceed in that fashion but instead have filed a motion to compel. Petitioners' refusal to agree that the materials will only be used for legitimate purposes related to this case raises significant questions as to Petitioners' true motives and good faith.

WHEREFORE, Lessno respectfully requests that this Court deny Petitioners' motion.

BY: /s/ Michael J. Connolly, Esq.
FORMAN, HOLT, ELIADES & RAVIN, LLC
80 Route 4 East, Suite 290
Paramus, NJ 07652
(201) 845-1000
(201) 845-9112
mconnolly@formanlaw.com
Attorneys for Alleged Debtor

Dated: June 10, 2010